

**SENATE FISCAL AGENCY  
MEMORANDUM**



**DATE:** April 18, 2007

**TO:** Members of the Senate Environmental Quality Subcommittee

**FROM:** Jessica Runnels, Fiscal Analyst

**RE:** Hazardous Waste User Charges

As part of the FY 2007-08 budget proposal, the Governor recommended increases in hazardous waste user charges. The proposed legislation would amend Part 111 (Hazardous Waste Management) and Part 121 (Liquid Industrial Wastes) of the Natural Resources and Environmental Protection Act to increase fees, adjust the billing cycle, and delay the current sunset on the fees.

**CONTENT**

The Hazardous Waste Management Program is federally delegated to states to administer. Part 111 of the Natural Resources and Environmental Protection Act meets the Federal requirements for State implementation. To receive the Federal funding for this program, the State must provide a 25% match and implement minimum program requirements.

The Governor proposed increased fees for three types of hazardous waste user charges: manifest processing user charges, site identification numbers, and handler user charges. The fees apply to both hazardous and liquid industrial waste. The fees would be increased according to the schedule in Table 1. The proposal specifies that only active treatment, storage, and disposal facilities would be required to pay a handler user charge. A separate, lower fee would be established for treatment, storage, and disposal facilities that are inactive except for corrective actions.

Table 1  
**PART 111  
HAZARDOUS AND LIQUID INDUSTRIAL WASTE USER CHARGES**

Type	Number Issued	Existing Fee	Proposed Fee
Site ID Number User Charge	1,700	\$50	\$100
Handler User Charges			
• SQG (more than 100 kg and less than 1000 kg in any month)	3,900	100	200
• LQG (1,000 kg or more in any month, less than 900,00 kg for the year)	700	400	1,000
• Very LQG (900,000 kg or more for the year)	40	1,000	2,500
• Used oil processors, rerefiners, burners, and used oil fuel marketers	150	100	200
• Active TSD facilities	18	2,000	6,000
• Inactive TSD facilities	40	2,000	2,000
Manifest Processing User Charge	40,000	\$6 per manifest (can be adjusted, not to exceed \$8)	\$15 per manifest (can be adjusted, not to exceed \$20)

**SQG**=Small Quantity Generator

**LQG**=Large Quantity Generator

**TSD**=Treatment, storage, and disposal

The proposal would increase the target revenue projection for the hazardous waste and liquid industrial waste user fees from \$1.6 million to \$2.5 million to reflect the proposed increased fee levels. The current fees are in effect from October 1, 2002 until March 31, 2008. Under the proposal, the revised fees would be effective from October 1, 2007 until March 31, 2012.

The proposal would move the billing cycle back about one month, with the DEQ sending out payment forms on March 24 instead of February 28. This is proposed to make it easier for filers to include manifest information from late in the previous calendar year. The proposal also would require that the payment form submitted in the first billing cycle after enactment of these amendments specify the number of manifests prepared by that person and processed by the DEQ during the months of October, November, and December 2006 and calendar year 2007.

The proposal would increase the administrative fine for late payments. The current fine is 5% for each month of delinquency. The new fine would remain 5% for the first month and increase to 10% for each month thereafter. The proposal would retain the current cap of 25% on the fine.

### **BACKGROUND**

Under Part 111 and Part 121, definitions are provided for a number of terms. The proposal would not change or add any definitions.

- “Manifest” means a form approved by the DEQ used for identifying the quantity, composition, origin, routing, and destination of hazardous and liquid industrial waste during its transportation from the point of generation to the point of disposal, treatment, storage, or reclamation. For liquid industrial waste, it may also mean the U.S. Environmental Protection Agency form number 8700-22, or its successor.
- “Site identification number” means a number that is assigned by the United States Environmental Protection Agency or the DEQ to each generator, each transporter, and each treatment, storage, or disposal facility of hazardous or liquid industrial waste. The Department may assign a number to a person or a facility to cover multiple unstaffed sites that generate uniform types of liquid industrial waste.
- “Generator”, another term for a handler, means any person, by site, whose act or process produces hazardous or liquid industrial waste.

### **FISCAL IMPACT**

The DEQ estimates that the increased fees would generate total revenue of about \$2,568,000, which is an increase of \$1.2 million over the current annual revenue of \$1.3 million. The fee revenue is deposited into the Hazardous Waste and Liquid Industrial Waste Users account, which is a subaccount of the Environmental Pollution Prevention Fund. The account and the fees are used to implement the State's Hazardous Waste Management Program, including administrative expenses.

If the fees are not increased, the Hazardous Waste Management Program will have to make reductions and adjustments to keep expenditures aligned with revenue. The program still could provide the 25% match necessary to receive the Federal funds; however, some of the minimum program requirements could be compromised.

Funding for the Hazardous Waste Management Program comes from multiple sources. The fees affected by this proposed increase would account for 31% of the program's recommended FY 2007-08 budget. The Governor's proposed FY 2007-08 budget would provide \$3,463,9000 Federal, \$747,800 General Fund, \$2,033,000 from the Environmental Pollution Prevention Fund (hazardous waste user charges), and \$218,500 from the Hazardous Materials Transportation Permit Fund for the Hazardous Waste Management program.

This bill has not been introduced yet. If a bill is introduced, it could vary substantially from the Governor's proposal. Please contact me if you have questions.

c: Gary S. Olson, Director  
Ellen Jeffries, Deputy Director  
Bill Bowerman, Chief Analyst